

7

OIL & GAS LEASE

THIS LEASE AGREEMENT, which includes all referenced exhibits, is made as of the 25th day of September, 2008 between TXI OPERATIONS, LP, A DELAWARE LIMITED PARTNERSHIP, as Lessor whose address is: 1341 W. Mockingbird Lane, Dallas, Texas 75247, and TIP, INC., as Lessee whose address is: 6317 Genoa Road, Fort Worth, TX. 76116-2027

1. In consideration of \$10.00 or more Dollars, in hand paid, of the royalties and bonuses herein provided, and of the agreements of Lessee herein contained, including the restriction against Lessee's use of the surface, Lessor hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, and producing oil, gas and liquid and gaseous hydrocarbons and other substances produced in conjunction with said hydrocarbons, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, the following described land:

5.00 acres of land, more or less, being the same land described in that certain Warranty Deed dated June 1, 1996 and recorded in Volume 13191, Page 252, Official Public Records of Tarrant County, Texas from Texas Industries, Inc. to TXI Operations, LP.

containing 5.00 gross acres, as calculated by Lessee, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described land, this Lease and the term "Leased premises" also covers accretions and any small strips or parcels of land, or any vacancies or excess acreage, now or hereafter owned by Lessor, or which Lessor may have a preferential right to acquire, which are contiguous or adjacent to the above-described land, and, in consideration of the herein described cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. Term of Lease. This Lease, which is a "paid up" Lease without rentals, shall be in force for a primary term of ONE (1) year from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby (which will sometimes hereinafter be referred to as "Leased substances") are produced in paying quantities from the Leased premises or from lands pooled therewith or this Lease is otherwise maintained in effect pursuant to the provisions hereof.

3. No Rentals. Lessee agrees to pay Lessor concurrently with the execution of this Lease a lump sum bonus payment of Twenty Thousand Dollars (\$20,000) per acre. Lessor accepts the \$20,000 per acre bonus as lump sum consideration for this Lease and all rights and any options hereunder, and this Lease shall remain in force for the entire one-year primary term without the payment of rentals and without regard to operations or production, if any.

4. Royalty Payment. (A). Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil, and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be TWENTY-FIVE percent, (25 %) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, less a proportionate part of ad valorem taxes and production, severance or other taxes, provided that Lessee shall have the continuing right to sell such production to itself or an affiliate at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be TWENTY-FIVE percent (25 %) of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to sell such production to itself or an affiliate at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if after the primary term one or more wells on the Leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby, but such well or wells are either shut-in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this Lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not sold by Lessee, then Lessee shall pay an aggregate shut-in royalty of \$ 500.00 per acre then covered by this Lease, such payment to be made to Lessor, or its successors, and payment to Lessor at Lessor's last known address, will be deemed properly and timely made if deposited in the U.S. mails on or before the end of said 90-day period and thereafter on or before each monthly anniversary of the end of said 90-day period while the well or wells are shut-in or production therefrom is not being sold by Lessee; provided that if this

Lease is otherwise being maintained, no shut-in royalty shall be due while there are operations or production, as the case may be, on the Leased premises or lands pooled therewith. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due plus interest calculated at ten percent (10%) per annum from date shut-in royalty was due, but shall not operate to terminate this Lease.

(B). Notwithstanding any provision in this lease to the contrary, it is further agreed that Lessor's royalty, except for the prorate tax costs described above, shall never bear or be chargeable with, either directly or indirectly, any part of the costs or expenses of production, gathering, dehydration, manufacturing, treating, processing or marketing of the minerals for which a production royalty is being paid to Lessor under this Lease, nor for any portion of the costs of construction, operation, or dismantling of any plant or other facility or equipment used for the processing of minerals for which a production royalty is being paid hereunder, nor for the costs of environmental restoration and protection, including plugging and abandonment costs for any well. It is the intent that Lessor's royalty interest, except for the tax costs described above, be free and clear of all costs and expenses associated with exploration, development, operation, and production of minerals for which a royalty is being paid hereunder.

(C). Production royalties due hereunder shall be paid directly to Lessor by the purchaser of such production pursuant to a division order signed by Lessee and Lessor. If the purchaser refuses to make payment pursuant to a division order, Lessee shall pay Lessor for production royalties within ten (10) days after receipt of payment from the purchaser.

(D). All royalties that are payable hereunder shall be paid in accordance with §§91.401 through 91.406 of the Texas Natural Resources Code, as same may be amended (or pursuant to any successor statute); however, if any royalty due Lessor is not timely paid as provided thereunder, then, as Lessor's election, and notwithstanding anything to the contrary in this lease, this lease shall terminate if all royalties and interest thereon are not paid to Lessor with sixty days after actual or constructive receipt by Lessee of written notice by Lessor of such failure to timely pay royalties. The royalty interest reserved by Lessor shall not be subject to any costs for drilling, operations, compression, transportation, or cost of development operations of any type, other than any such severance or ad valorem taxes as may be imposed by proper government authority directly upon Lessor.

(E). Notwithstanding anything to the contrary, this lease may not be maintained by the payment of shut-in royalties after the expiration of the primary term for more than one-year in the aggregate, calculated by the aggregate total amount of shut-in time.

5. Operations. If, after the expiration of the primary term, Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the Leased premises or lands pooled therewith, or if production in paying quantities ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this Lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences further operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the Leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If, at any time and from time to time, at the time of the expiration of, or after the primary term, this Lease is not otherwise being maintained in force, but Lessee is then engaged in drilling, reworking or any other operations to obtain or restore production therefrom, this Lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the Leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the Leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the Leased premises as to formations then producing in paying quantities on the Leased premises or lands pooled therewith, or (b) protect the Leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein. It is the intent hereof, and it is controlling so provided, that, should this Lease otherwise terminate, it shall nevertheless remain in full force and effect as to the governmental spacing or proration unit assigned to each and every well located on the Leased premises, or lands pooled therewith, which is then capable of producing Leased substances for so long as such well either continues to be capable of producing Leased substances or other provisions of this Paragraph 5 are applicable. Lessee further agrees that it will use its best efforts to prevent any contractor liens from being placed against the property of Lessor or funds due Lessor under this agreement, and in the event that a lien is placed against such property or funds arising out of operations pursuant to this Lease, Lessee will promptly take such actions as may be reasonably necessary to discharge such liens.

6. Pooling. Lessee shall have the right but not the obligation to pool all, but only all, of the Leased premises with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this Lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the Leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well (other than a horizontal completion) shall not exceed 40 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so or for the purpose of obtaining a greater allowable rate of production pursuant to any applicable law or regulation. For the purpose of the foregoing, the terms "oil well" and "gas well"

shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard Lease separator facilities or equivalent testing equipment; and the term "horizontal completion" shall mean an oil well or gas well in which the horizontal component of the gross completion interval in the reservoir exceeds one hundred feet in length. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations or the existence of a well capable of producing Leased substances anywhere on a unit which includes all or any part of the Leased premises shall be treated as if it were production, drilling or reworking operations or a well capable of producing Leased substances on the Leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net mineral acreage covered by this Lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern or acreage allowable formula prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. If the relative acreage contributions of the tracts in the unit are changed by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. If Lessee deems it advisable in order to promote further development of any part of a unit area, or if production from the unit has ceased, Lessee may terminate the unit by filing of record a written declaration describing the unit and the effective date of termination shall be the date of filing unless provided otherwise in such declaration. Pooling hereunder shall not constitute a cross-conveyance of interests.

Notwithstanding anything to the contrary in this Lease, Lessee may only pool the lands described herein if all of the lands are included in the first pooled unit created in which any of the lands are included. The formation of any unit hereunder, which includes land not covered this Lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this Lease and parties owing interest in land not covered by this Lease.

Lessee may not release any of the lands described herein from a pooled unit, unless all pooled leases are released as to lands within the unit. At any time while this Lease is in force Lessee may dissolve any unit hereunder by filing for public record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this Lease, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force.

7. Proportionate Reductions. If Lessor owns less than the full mineral estate in all or any part of the Leased premises, royalties and shut-in royalties for any well on any part of the Leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the Leased premises bears to the full interest in the royalties in such part of the Leased premises.

8. Ownership Changes. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns, provided, however, that Lessee may not effect such a transfer without the consent of Lessor, which consent shall not unreasonably be withheld. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or duly authenticated copies of the documents establishing such change of ownership to the reasonable satisfaction of Lessee. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part, Lessee shall be relieved of all payments and obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this Lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this Lease then held by each.

9. Release of Lease.

Within 90 days after termination, or partial termination, of this Lease, Lessee shall execute and deliver to Lessor a recordable release of this Lease as to all lands.

After the end of the Primary Term of this Lease this lease will terminate as to all depths and all strata 100 feet below the deepest producing zone or strata in any oil or gas well drilled on lands with which the subject tract is pooled or unitized at the end of the primary term unless maintained in for by other provisions hereof.

In the event that this Lease is terminated, such termination shall relieve Lessee of all obligations under this Lease, express or implied, which did not accrue prior to termination or which are otherwise imposed on Lessee by law.

10. Ancillary Rights and Restrictions. Lessor does not own the surface of the property described herein and this lease is made without any representations or warranties regarding the right of Lessee to use the surface, or rights associated with surface ownership, for any purpose.

11. Regulation and Delay. Lessee's obligations under this Lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction, including restrictions on the drilling and production of wells, and regulation of the price or transportation of oil, gas and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this Lease shall remain in force during the continuance of such prevention or delay, and Lessee shall have 90 days after the removal of such prevention or delay within which to commence or resume drilling, reworking, production or other operations. Lessee shall not be liable for breach of any express or implied covenants of this Lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. Breach or Default. Except in the event that Lessor, in good faith, believes that severe harm is imminent, no litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, until at least 60 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this Lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so. Nothing in this instrument or in the relationship created hereby shall be construed to establish a fiduciary relationship, a relationship of trust or confidence or a principal - agent relationship between Lessor and Lessee for any purpose.

13. Failure of Title. In the event of a failure of title to the oil, gas and hydrocarbon estate, in whole or in part, which failure is not cured by Lessor within 90-days after written notice from Lessee, royalties and other payments shall be reduced proportionately until such time as the failure is cured by Lessor. Failure of title shall not include the interests reserved to Lessor herein.

14. Unitization. Lessee shall have the right but not the obligation to commit all, but only all, of the Leased premises to one or more unit plans or agreements for the cooperative development or operation of one or more oil and/or gas reservoirs or portions thereof, if in Lessee's judgment such plan or agreement will prevent waste and protect correlative rights, and if such plan or agreement is approved by the federal, state or local governmental authority having jurisdiction. When such a commitment is made, this Lease shall be subject to the terms and conditions of the unit plan or agreement, including any formula prescribed therein for the allocation of production, and Lessor agrees to execute any such documents or agreements as Lessee may reasonably request in furtherance of such commitment. This provision shall not prevent Lessor from objecting to the proposed unit in any administrative proceeding.

15. Minimum Annual Payments. Notwithstanding any other provision of this Lease, beginning in the first calendar year after expiration of the two year primary term and any extensions of such primary term, Lessee's payments to Lessor for rentals and royalties shall not be less than \$ 7,500.00 per annum, and to the extent that such royalties and rentals, including delay rentals, have not met such minimum, Lessee shall pay Lessor the deficiency on or before January 31 of the following year. This minimum obligation applies as long as Lessee's owns any interest in the land conveyed hereunder for any portion of the applicable calendar year.

16. Lessor's Right to Information. Upon reasonable notice, Lessor shall have the right to inspect and copy all well files (including logs and core data) for wells drilled on Lessor's property or which are reasonably believed to be draining Lessor's property, and to inspect and copy all seismic data covering Lessor's property. Lessor, at the request of Lessee, will sign an appropriate confidentiality agreement with respect to such information.

17. Conduct of Operations. If Lessee is the operator with respect to the exploration for and production of minerals under this Lease, Lessee agrees to conduct its operations in a good and workmanlike manner, however, Lessee acknowledges that Lessor has no control or input into the manner in which Lessee or its contractors conduct such operations. In the event that any action is brought against Lessor by a third party based on the conduct of Lessee or its contractors in conducting operations, Lessee agrees to fully indemnify Lessor for any liability, including Lessor's attorneys' fees and other reasonable litigation or arbitration or administrative proceeding costs. Whether Lessee is or is not the operator of such exploration and production operations contemplated hereby, Lessee agrees to maintain, or require any operator to maintain, comprehensive liability insurance in the minimum amounts set forth in Exhibit B. Without the express written consent of Lessor detailing the drilling operations to be conducted and a plugging and abandonment plan, Lessee may not use any surface owned by Lessor for Drilling Purposes. "Drilling Purposes" means the drilling, reworking, or use of any well located on surface owned by Lessor, for production or injection purposes or the construction of any fluid storage pits on

Lessor's land.


18. No Surface Operations. Notwithstanding anything herein contained to the contrary, it is understood and agreed that Lessee, its successors or assigns, shall not enter upon nor use the leased premises for conducting any surface or drilling operations hereunder. Any production from the leased premises shall be by way of pooling and/or unitization as provided herein, or by directional drilling from a surface location on other lands and bottomed under the leased premises.

19. INDEMNIFICATION OF LESSOR. LESSEE SHALL INDEMNIFY, HOLD HARMLESS, ASSUME LIABILITY FOR, AND DEFEND LESSOR, ITS AFFILIATES, AGENTS, SERVANTS, EMPLOYEES, OFFICERS, AND DIRECTORS FROM ANY AND ALL COSTS AND EXPENSES, INCLUDING, BUT NOT LIMITED TO, ATTORNEYS' FEES, REASONABLE INVESTIGATIVE AND DISCOVERY COSTS, COURT COSTS, AND ALL OTHER SUMS (COLLECTIVELY, "CLAIMS") WHICH LESSOR, ITS AFFILIATES, AGENTS, SERVANTS, EMPLOYEES, OFFICERS, AND DIRECTORS MAY PAY OR BECOME OBLIGATED TO PAY ON ACCOUNT OF ANY, ALL AND EVERY DEMAND FOR, CLAIM OR ASSERTION OF LIABILITY, OR ANY CLAIM OR ACTION FOUNDED THEREON, ARISING OR ALLEGED TO HAVE ARISEN OUT OF LESSEE OR ITS AFFILIATES, AGENTS, SERVANTS, EMPLOYEES, OFFICERS, AND DIRECTORS USE OF REAL OR PERSONAL PROPERTY BELONGING TO LESSOR, ITS AFFILIATES, AGENTS, SERVANTS, EMPLOYEES, OFFICERS, AND DIRECTORS INCLUDING SPECIFICALLY THE LANDS DESCRIBED HEREIN, OR BY ANY ACTION OR OMISSION BY LESSEE OR ITS AFFILIATES, AND THEIR RESPECTIVE, AFFILIATES, AGENTS, SERVANTS, EMPLOYEES, OFFICES, AND DIRECTORS UNLESS THE CLAIMS RESULT SOLELY FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LESSOR.

IN WITNESS WHEREOF, This Lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this Lease has been executed by all parties hereinabove named as Lessor.

TXI OPERATIONS, LP

("Lessor")

by 

BARRY BONE, Vice-President

TIP, INC.

("Lessee")

by 

WILLIAM G. MCGEHEE, President

ACKNOWLEDGMENT

STATE OF TEXAS
COUNTY OF Dallas }

This instrument was acknowledged before me on the 8 day of October, 2008, By **BARRY BONE** on behalf of Lessor,
who was first identified to me by government issued photo identification.



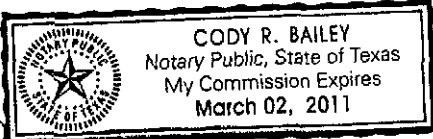
(SEAL)

Heather O'Mara
Notary Public, State of Texas

ACKNOWLEDGMENT

STATE OF TEXAS }
COUNTY OF Tarrant }

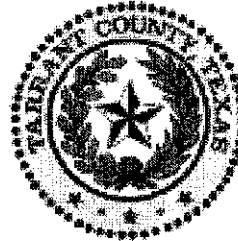
This instrument was acknowledged before me on the 9 day of October, 2008, By **WILLIAM G. MCGEHEE**
on behalf of Lessee, who was first identified to me by government issued photo identification.



(S E A L)

[Signature]
Notary Public, State of Texas

After Recording Return To:
Norwood Land Services, LLC
6421 Camp Bowie Blvd., Ste 312
Fort Worth, TX 76116



NORWOOD LAND SRVS LLC
6421 CAMP BOWIE BLVD 312

FTW TX 76116

Submitter: NORWOOD LAND SRVS LLC

SUZANNE HENDERSON
TARRANT COUNTY CLERK
TARRANT COUNTY COURTHOUSE
100 WEST WEATHERFORD
FORT WORTH, TX 76196-0401

DO NOT DESTROY
WARNING - THIS IS PART OF THE OFFICIAL RECORD.

Filed For Registration: 10/16/2008 02:46 PM
Instrument #: D208397021
LSE 8 PGS \$40.00

By: _____



D208397021

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Printed by: WD